

# FRIGAARD

## Property Group

Q3 2022 result presentation

Simon Nyquist Martinsen

CEO

November 11, 2022



# This is Frigaard Property Group – Q3 2022

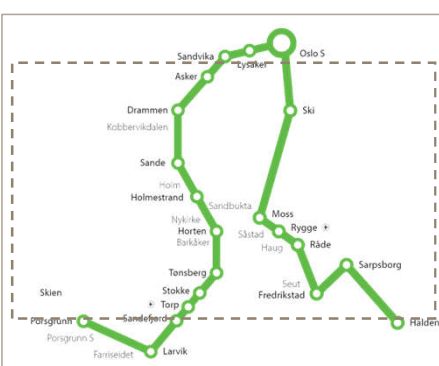


- Metacon AS consists of
  - Frigaard Entreprenør, a contractor that execute the development and construction of commercial buildings and residential properties, and;
  - Metacon, a supplier of structural steel and steel buildings
- Contractor that execute the development and construction of commercial buildings and residential properties
- Residential and commercial property developer

## Strategy

FPG aims to be the leading contractor and residential property developer in its core markets, by combining its industrial and financial expertise

**Focused on “Intercity triangle”**  
Urban areas in Eastern Norway outside Oslo



## Key figures (MNOK)

Key figures	2018 <sup>1)</sup>	2019	2020	2021	YTD 2022
Revenues	654	1 043	1 267	1 583	1 116
EBITDA	84	52	92 <sup>3)</sup>	21 <sup>2)</sup>	51 <sup>4)</sup>
Net profit	47	17	58	-5	27
EBITDA-margin	12.8%	5.0%	7.3%	1.3%	4.6%
Order backlog	969	846	1,020	1 520	1 699
Equity ratio	29.1%	27.8%	28.7%	22.3%	21.5%

Note: 1) Reported financials. Alento AS was acquired 30 June 2018 and hence not fully reflected in reported financials. 2018 pro forma revenue of NOK 926m and pro forma EBITDA of NOK 110m. 2) After one off costs related to a project within the Construction segment of MNOK 41. 3) Including share sale gain of MNOK 47. 4) Include costs related to a strategic review of Alento of 6,4 MNOK, excluding this the EBITDA is 57.2 MNOK,

The presentation should be read together with the full Q3 text report from Frigaard Property Group. The two-brand strategy of Metacon AS into “Metacon” and “Frigaard Entreprenør” was launched Mid-February 2022, and a demerger is expected to be finalized in Q4 2022.

## Highlights Q3/YTD 2022 (Q3/YTD 2021)

### Q3

- Revenue increased by 15.1% to MNOK 340.3 (295.8) in the quarter.
- Strong EBITDA for the quarter compared to last year MNOK 10.0 (5.6).
- EBITDA margins of 3.0% (1.9%) in the quarter.
- Net profit increased to 3.6 MNOK (1.0) in the quarter.

### YTD

- Revenue year to date increased by 18.1% to MNOK 1 115.6 (MNOK 944.8), EBITDA of MNOK 50.8 (MNOK 27.1).
- Adjusted EBITDA\* of MNOK 57.2 (27.1)
- Continued high order backlog of MNOK 1 698.6 (1 132.9), including MNOK 391.5 (2.9) related to own development projects in Frigaard Bolig.
- Continued sound pipeline and new orders of around 280 MNOK won in Q4.
- Expected reduced growth within the industry and potentially a moderate volume reduction due to the macro environment with high inflation and increasing interest and energy prices.

<b>Key figures (NOK million)</b>	<b>3Q 22</b>	<b>3Q 21</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
Revenues Property development	0.4	0.1	19.9	6.3
Revenues Construction	339.7	295.4	1 095.1	937.8
Revenues Other	0.2	0.3	0.6	0.7
<b>Total revenues and other income</b>	<b>340.3</b>	<b>295.8</b>	<b>1 115.6</b>	<b>944.8</b>
EBITDA Property development	-1.8	-1.1	-4.4	-3.8
EBITDA Construction	16.6	11.0	73.7	42.3
EBITDA Other	-4.8	-4.3	-18.5	-11.3
<b>Total EBITDA</b>	<b>10.0</b>	<b>5.6</b>	<b>50.8</b>	<b>27.1</b>
<b>Earnings before financial items and tax (EBIT)</b>	<b>8.0</b>	<b>3.6</b>	<b>44.5</b>	<b>21.0</b>
<b>Earnings before tax (EBT)</b>	<b>4.6</b>	<b>1.3</b>	<b>34.8</b>	<b>6.1</b>
EBITDA margin	3.0%	1.9 %	4.6%	2.9 %
Operating profit margin	2.3%	1.2 %	4.0%	2.2 %
Profit margin	1.4%	0.4 %	3.1%	0.6 %

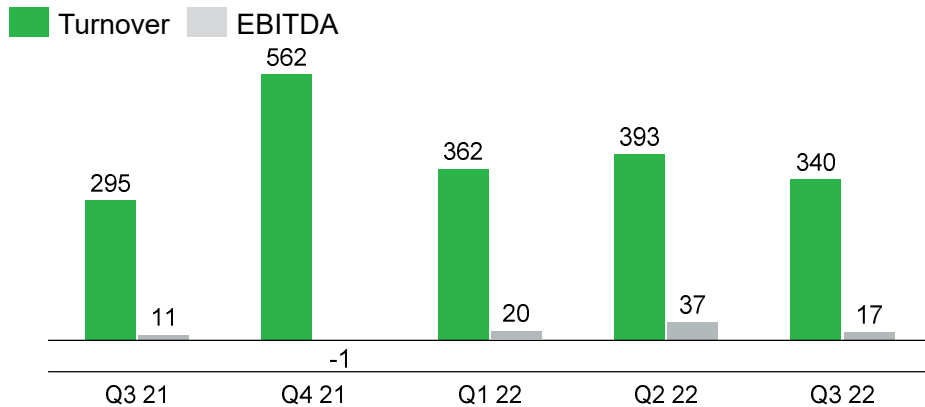
\*Adjusted for MNOK 6,4 related to a strategic review of Alento, of which MNOK 5,4 accounted for in Q2 and MNOK 1 in Q3.

# Construction segment: strong quarter

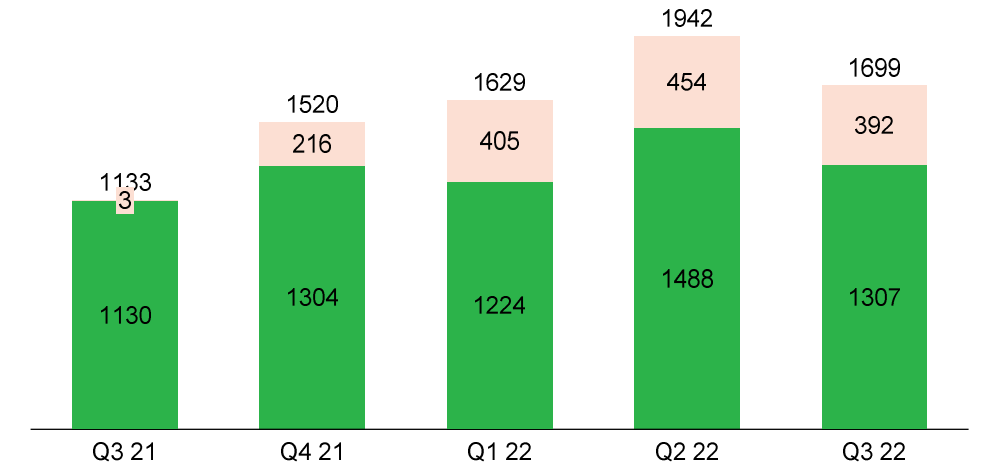
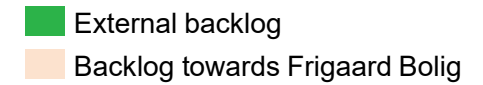
## Highlights

- MNOK 339.7 revenue and MNOK 16.6 EBITDA, generated in the quarter. The good result is to a large extent related to Alento, still Metacon is improving and have a positive impact in the quarter.
- Solid inflow on new orders in the quarter of MNOK 212, before adjusting the order bank for a delayed project with MNOK 71.7, thus reported order intake is MNOK 140.
- Record high order backlog of MNOK 1 699 of which MNOK 450.5 attributable to 2022, MNOK 1 233 relates to 2023 and MNOK 16 to 2024. Orders of MNOK 282 won in Q4
- Pipeline is still strong, especially for commercial buildings, still the macro environment is expected to impact overall demand going forward

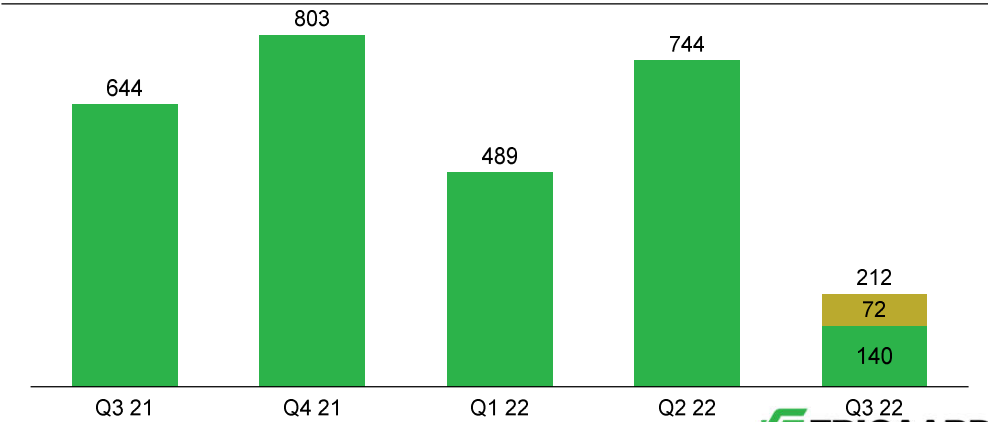
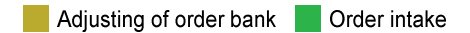
## Revenues and EBITDA



## Order backlog



## Order intake



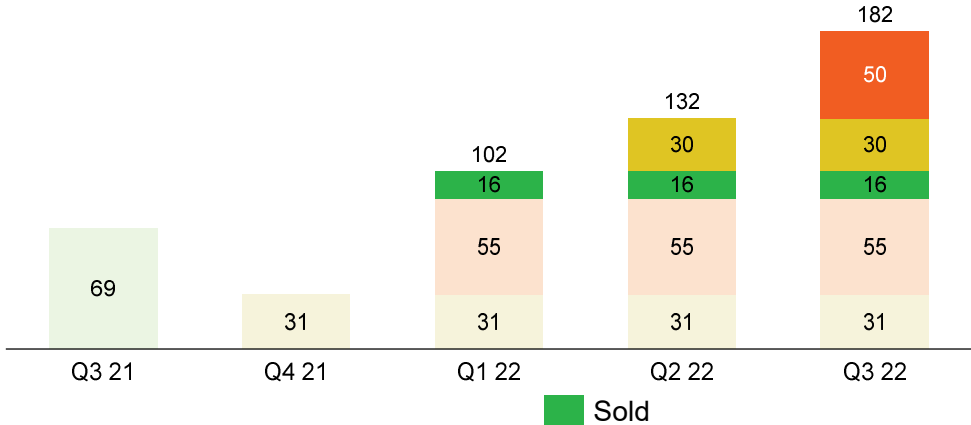
# Property development segment: All time high numbers of units under construction

## Highlights

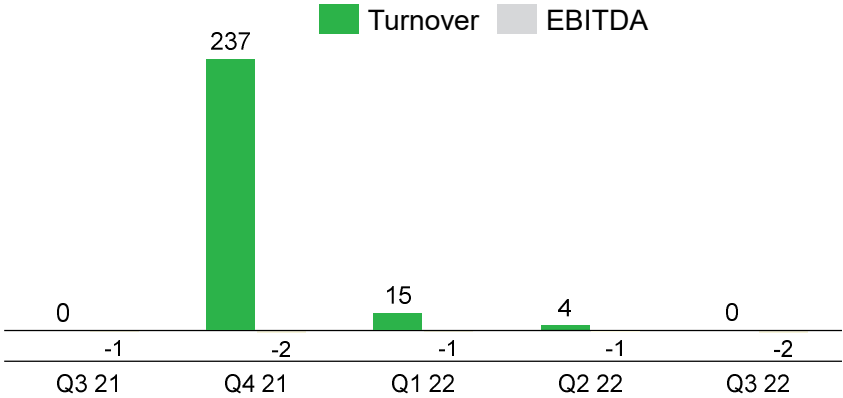
- There has been no revenue related to the property development this quarter.
- 14 units (apartments) sold during third quarter and 182 units currently under construction.
- The construction of the Tribunen third phase commenced in September, and the second stage of the Fagerlia project will start in Q4.
- The 20k+ logistic center in Tranäs, Sweden was handed over in March, where the settlement was paid in April 2022 (MNOK 60)
- An estimated development area of 10 000 BRAs was secured in the center of Ski in April. And a development area of 3 520 BRAs was secured in Rolvsøy (Fredrikstad municipality) in September. Further development area is about to be secured in Sarpsborg through a joint venture in Q4
- Revenue and profit will be seen in the P&L at the time of hand over of the units. Next hand over is planned in Q1 for Dronningen, Q2 for Fagerlia and Q2 for Tribunen 2 (2023).

Tribunen 3 Høglia Dronningen Tribunen 2 Fagerlia 1 Tribunen 1

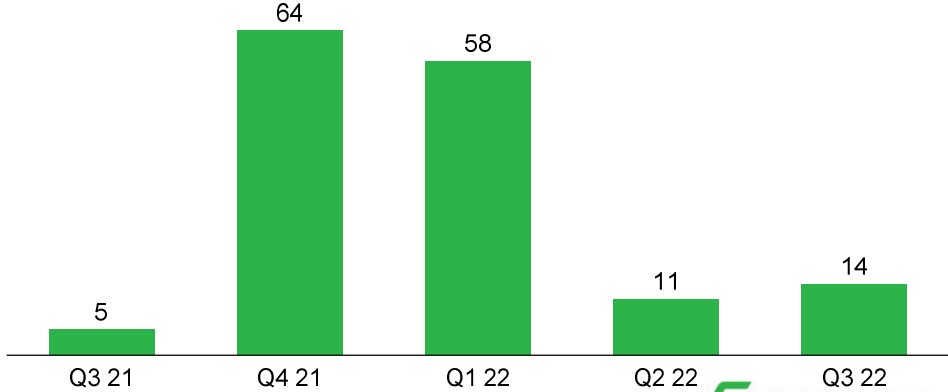
## Units under construction



## Revenues and EBITDA



## Number of units sold



# Property development segment: Five ongoing residential projects

## Project overview Q3 2022

<p><b>Tribunen II &amp; III</b> <i>Moss</i></p> <p>Ongoing and in sales stage</p>	<p><b>Fagerlia</b> <i>Fredrikstad</i></p> <p>Ongoing</p>	<p><b>Høgli</b> <i>Mysen</i></p> <p>Ongoing</p>	<p><b>Dronningen</b> <i>Sarpsborg</i></p> <p>Ongoing</p>	<p><b>Solbyen</b> <i>Sarpsborg</i></p> <p>Zoning</p>
<p>Construction phase 2/3 Total of ~174 apartments 55 apartments in phase 2 49/55 units sold 50 apartment in phase 3 42/50 units sold All phases est. completed Q4 23 Total of 12 752 BRAS</p>	<p>61 apartments &amp; 8 townhouses 31 apartments in phase 1 20/31 units sold 8 townhouses in phase 2 6/8 town house sold 30 apartments in phase 3 2/30 units sold Total of 7 163 BRAS</p>	<p>30 apartments &amp; 9 land plots 15/30 units sold and 4 land plots Sale start for plots Q2 2022 All phases est. completed Q4 23 Total of 7 424 BRAS</p>	<p>16 apartments 13/16 units sold Sales start Q1 2022 All phases est. completed Q1 23 Total of 1 111 BRAS</p>	<p>50 apartments Expected sales start Q4 22 Est. completed Q4 25 Total of 2 900 BRAS</p>
<p><b>Aspelundtunet</b> <i>Askim</i></p> <p>Completed ✓</p>	<p><b>Moenskogen I</b> <i>Sarpsborg</i></p> <p>Completed ✓</p>	<p><b>Moenskogen II</b> <i>Sarpsborg</i></p> <p>Completed ✓</p>	<p><b>R2 Panorama</b> <i>Mysen</i></p> <p>Completed ✓</p>	<p><b>Tribunen I</b> <i>Moss</i></p> <p>Completed ✓</p>

As of the date of this report the sale figures is adjusted to the following; Tribunen 2 - 51 apartments, Tribunen 3 - 43 apartments, Fagerlia 3 - 3 apartments, Høgli - 17 apartments



# Property development projects the next 3 years

## Projects with expected completion over the next three years



7 Financing has been secured for the concrete works of Fagerlia 3. Production start and estimated hand over is dependent upon further sales of apartments and establishing construction loans.

# Income statement

All amounts in MNOK	3Q 2022	3Q 2021	30.09.2022	30.09.2021	31.12.2021
Order backlog	1 698,6	1 132,9	1 698,6	1 132,9	1 519,6
Order intake	140,2	644,3	1 373,2	1 167,4	1 970,6
Revenue from contracts with customers	340,1	295,5	1 113,7	943,9	1 582,3
Other operating revenue	0,2	0,3	1,9	0,9	1,0
<b>Total operating revenue</b>	<b>340,3</b>	<b>295,8</b>	<b>1 115,6</b>	<b>944,8</b>	<b>1 583,3</b>
Materials, subcontractors and consumables	285,9	256,2	920,9	799,6	1 400,5
Salaries and personnel expense	34,9	28,8	111,3	97,7	133,6
Other operating expense	9,5	5,2	32,6	20,4	27,9
<b>Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>10,0</b>	<b>5,6</b>	<b>50,8</b>	<b>27,1</b>	<b>21,2</b>
Depreciation and amortisation expense	2,1	2,0	6,3	6,1	8,0
<b>Operating profit (EBIT)</b>	<b>8,0</b>	<b>3,6</b>	<b>44,5</b>	<b>21,0</b>	<b>13,2</b>
Net financial costs	3,3	2,4	9,7	14,9	18,6
<b>Profit before income tax</b>	<b>4,6</b>	<b>1,3</b>	<b>34,8</b>	<b>6,1</b>	<b>-5,3</b>
Income taxes	1,0	0,3	7,7	1,3	-0,2
<b>Net profit for the period</b>	<b>3,6</b>	<b>1,0</b>	<b>27,2</b>	<b>4,8</b>	<b>-5,1</b>

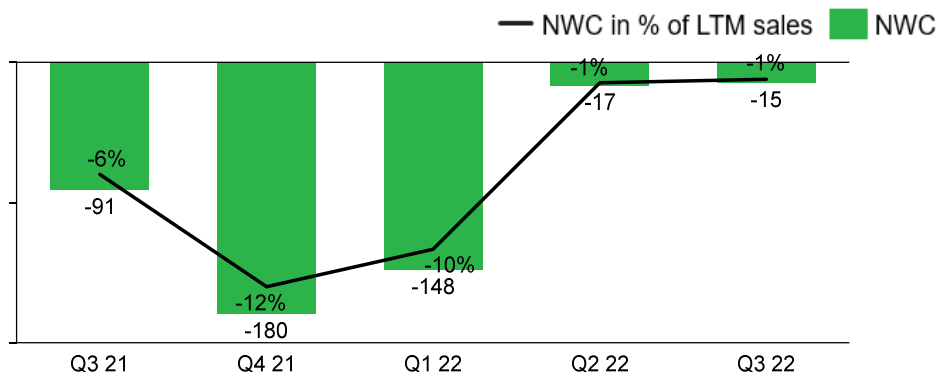
- Record high order backlog and residential units in production at the end of the quarter
- MNOK 1232 of the order backlog is estimated to be delivered in 2023
- Revenue stems from the Construction segment. Revenue will come in the Property Development segment in 2023 when residential units are handed over.
- Adjusted EBITDA\* of MNOK 11 in the quarter and MNOK 57.2 YTD.
- Majority of net finance costs related to a listed bond of MNOK 300. Calculated interest on equity investments into the Property Development projects are being accounted for in the balance sheet and costed as projects are handed over.

\*Adjusted for MNOK 6,4 related to a strategic review of Alento, of which MNOK 5.4 accounted for in Q2 and MNOK 1 in Q3.

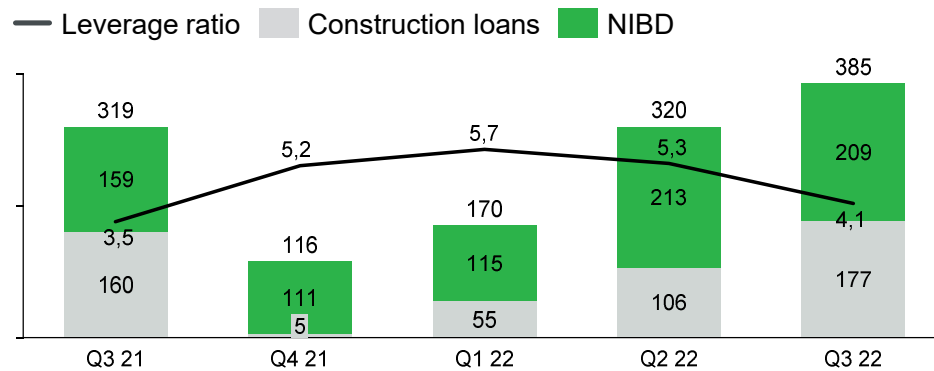


Solid cash position but reduced due to large projects in hand over phase, leverage ratio negatively impacted by non-recurring costs from Construction Segment in Q4 2021

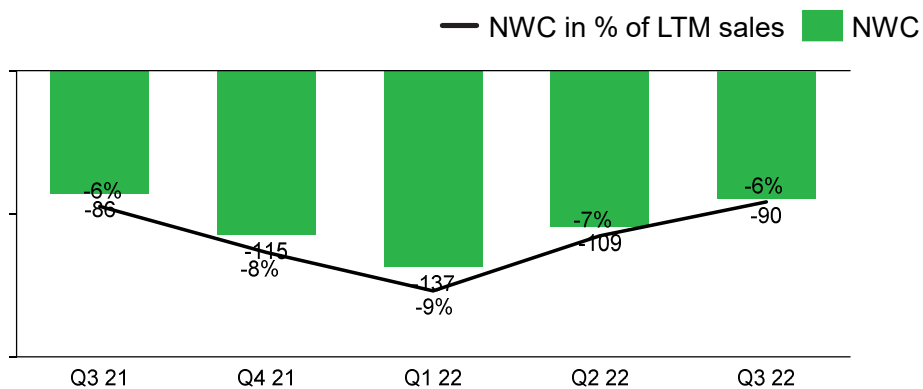
Net working capital (construction)



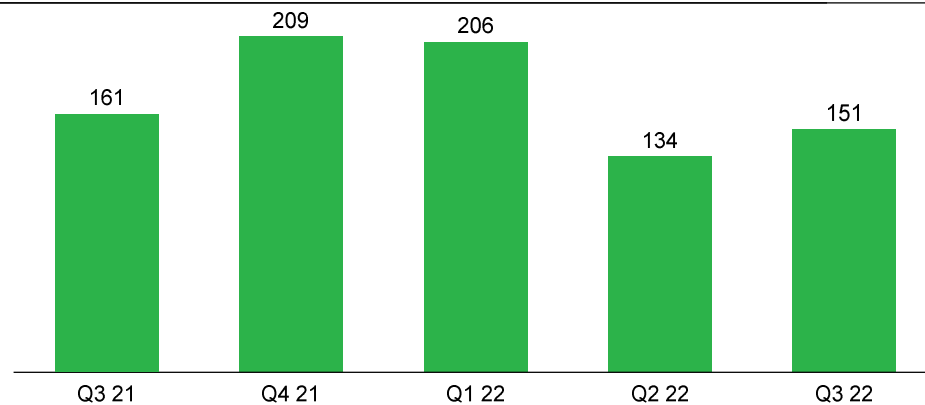
Net interest-bearing debt and leverage ratio (Group)



Average working capital LTM (construction)



Cash position (Group)



Note: Leverage ratio as defined in bond terms, construction loans are excluded in NIBD in bond terms. As per Q3 the ratio is adjusted for exceptional items related to a strategic view of Alento. No adjustments are made related to non-recurring costs in the Construction segment in Q4 2021.

# Cash flow statement

NOK million	3Q 2022	3Q 2021	30/09/2022	30/09/2021	31/12/2021
Earnings before income taxes	4.6	1.3	34.8	6.1	-5.3
Depreciation and impairment	2.1	2.0	6.3	6.5	8.3
Change in net working capital	-100.7	-115.1	-414.9	-150.2	173.9
Other adjustments/taxes paid	30.6	38.6	103.0	20.7	-58.4
<b>Cash flow from operations</b>	<b>-63.4</b>	<b>-73.2</b>	<b>-270.8</b>	<b>-117.0</b>	<b>118.5</b>
Net investment	-0.6	-6.0	60.7	-25.5	-26.1
Cash flow from financial activities	81.2	10.7	152.3	44.7	-142.0
<b>Net decrease (increase) in cash and cash equivalents</b>	<b>17.2</b>	<b>-68.5</b>	<b>-57.8</b>	<b>-97.7</b>	<b>-49.6</b>
Net cash and cash equivalents at beginning of period	134.2	229.6	209.2	258.8	258.8
<b>Total cash and cash equivalents</b>	<b>151.3</b>	<b>161.0</b>	<b>151.3</b>	<b>161.0</b>	<b>209.2</b>

- Change in net working capital is to a large extent related to further development of our residential projects. In Q3 this is fully financed with construction loans.
- Strong cash position
- Financing activities for the quarter relates to inflows from construction loans, and loan related to purchase of land for development in Ski.

# Balance sheet

Amounts in NOK million	30.09.2022	30.09.2021	31.12.2021
<b>ASSETS</b>			
Goodwill and other intangible assets	284,1	284,3	284,1
Tangible fixed assets	7,9	7,8	8,2
Right-of-use assets	10,7	13,5	12,6
<b>TOTAL NON-CURRENT ASSETS</b>	<b>302,7</b>	<b>306</b>	<b>305</b>
Inventories and development properties	513,4	533,6	334,8
Trade receivables, contract assets and other short term receivables	307,0	238,8	256,6
Cash and cash equivalents	151,3	161,0	209,2
<b>TOTAL CURRENT ASSETS</b>	<b>971,8</b>	<b>933,5</b>	<b>800,6</b>
<b>TOTAL ASSETS</b>	<b>1 274,5</b>	<b>1 239,1</b>	<b>1 105,5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>TOTAL EQUITY</b>	<b>274,2</b>	<b>287,0</b>	<b>247,1</b>
Deferred tax	30,0	23,9	22,3
Bond loan	297,7	295,8	296,3
Liabilities to financial institutions	37,4	39,0	38,9
Construction loan	20,6	-	4,9
Leasing liabilities	5,2	8,8	7,0
Other non-current liabilities	6,3	72,7	46,0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>397,2</b>	<b>440,1</b>	<b>415,4</b>
Short term financial liabilities	14,0	-	-
Short term construction loan	155,9	160,4	-
Lease liabilities	5,8	4,1	5,2
Trade account payables, contract liabilities and other short term debt	427,4	347,4	437,9
<b>TOTAL CURRENT LIABILITIES</b>	<b>603,1</b>	<b>512,0</b>	<b>443,1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 274,5</b>	<b>1 239,1</b>	<b>1 105,5</b>

- Goodwill from acquisitions
- IFRS lease assets of MNOK 10.7
- In February 2021, a new secured floating rate bond of NOK 300 million with a 3-year tenor was issued.
- Construction loan is mainly related to Fagerlia 1, located in Fredrikstad and phase 2 of Tribunen. Scheduled hand over is Q2 2023 for both projects.
- Construction loan Tribunen 1 was fully repaid in Q4 2021.



## Outlook

- The Construction Segment has a record high order backlog and experiencing a continued sound pipeline of new projects.
- The Property Development Segment has a record high number of units in production, whereof a large part is sold.
- In 2023 the majority of our portfolio of own developed residential units will be finalized and handed over to customer, thus generating a positive impact on profit and cash flow.
- We expect the growth in the industry to be impacted by the overall macro environment, especially as interest and prices for energy intensive goods are increasing.

 FRIGAARD  
Entrepreneur

 **FRIGAARD**  
Property Group